

TIMBER SUPPLY OUTLOOK

Table 3. Southeast Region

Ownership	Commercial Forestland Acres	Average Annual Allowable Cut ⁶	1996 Offer Volume	1997 Offer Volume	Projected Annual Offer Volume 1998-2002
USFS-Tongass NF	670,000	267 MMBF	281 MMBF	253 MMBF	220 MMBF
State of Alaska	66,800	11 MMBF ³	18.1 MMBF	15.3 MMBF ¹	22 MMBF ³
Publicly-Owned Timber Subtotal			299.1 MMBF	268.3 MMBF	242 MMBF
University of Alaska	1,490	Unknown	0 MMBF	6 MMBF	5 MMBF ⁴
Mental Health Trust	78,000	Unknown	.1 MMBF	.5-1 MMBF	15-25 MMBF ⁵
Native Corporations*	391,000	Unknown	323 MMBF ²	250 MMBF ²	200 MMBF
Other Timber Subtotal			323.1 MMBF	257 MMBF	225 MMBF
SOUTHEAST REGION TOTAL			622.2 MMBF	525.3 MMBF	467 MMBF

* An estimate based on information available to the public.

Table 4. Gulf Coast Region

Ownership	Commercial Forestland Acres	Average Annual Allowable Cut ⁶	1996 Offer Volume	1997 Offer Volume	Projected Annual Offer Volume 1998-2002
University of Alaska	10,000	17 MMBF	0 MMBF	0 MMBF	15 MMBF ⁶
Mental Health Trust	41,600	Unknown	0 MMBF	0 MMBF	10 MMBF ⁸
Native Corporations	Unknown	Unknown	50 MMBF ²	30 MMBF ²	30 MMBF
TOTAL			50 MMBF	30 MMBF	55 MMBF

¹ Includes 4.3 MMBF reoffer from 1996

² Estimated

³ The Department of Natural Resources is reviewing the state timber base in Southeast Alaska to determine the allowable cut for state lands. This figure is based on the FY 98, five-year schedule of timber sales and any change following completion of area plans for Southeast.

⁴ The University expects to offer a total of 26 MMBF of timber over the next five years. This has been averaged at 5 MMBF per year for comparative purposes.

⁵ The Alaska Mental Health Trust may harvest up to 200 MMBF in Southeast Alaska over the next 10 years, resulting in a projected average of 15-25 MMBF commencing in the summer of 1999. In 1998, 5-10 MMBF may be made available.

⁶ The University expects to offer a total of 75 MMBF of timber over the next five years. This has been averaged at 15 MMBF per year for comparative purposes.

⁷ The allowable cut is the maximum amount of timber that may be scheduled for harvest for the next ten years. The annual sales volume may exceed or fall short of the calculated annual average for the decade which is reported here as the average annual allowable cut.

⁸ Approximately 50 MMBF total has been committed to a pending five-year contract.



Tongass National Forest

The vast majority of timbered acres in Southeast Alaska are under the ownership and management of the U.S. Forest Service. The 16.9 million acre Tongass National Forest is the nation's largest and a focal point for national debate over the appropriate management of public lands. Although large acreages of the forest have been set aside for nontimber uses and greater emphasis has been placed on habitat protection, decisions over the size of the timber program and harvest locations remain fraught with controversy. As of this writing, administrative appeals have been filed against the decisions in the Lab Bay and South Lindenburg Environmental Impact Statements (EISs) and lawsuits have been filed against the Ushk Bay, Central Prince of Wales, Eight-Fathom, and Northwest Baranof EISs. These documents contain the environmental assessments for the harvest of 340 million board feet of timber, almost 80% of the volume scheduled for offer to industry over the next few years. Additionally, a lawsuit has been filed against the settlement agreement between the federal government and the Ketchikan Pulp Company.

According to information in the TLMP revision, the Tongass contains about 10 million acres of forested lands. Of this amount, 3.49 million acres, generally in areas of low productivity, have been classified as unsuitable for timber production. An additional 4.18 million acres of forested land are located in areas set aside by legislative or administrative action (e.g., wilderness areas). The remaining 2.32 million acres, referred to as the "tentatively suitable landbase," represent about 36 percent of the forested land suitable for timber production.

The Forest Service recently completed a revision of the Tongass Land Management Plan (TLMP) which outlines management direction for the forest for the next decade. During the planning process several alternative management scenarios were developed and analyzed. Depending on the overall objective and emphasis of each alternative, additional land within the tentatively suitable landbase was allocated to uses other than timber harvest. The selected alternative, as set forth in the Record of Decision dated May 23, 1997, prescribes a net suitable landbase of 676,000 acres over a 100-year cycle. It is this area that will be managed for the production and sale of up to 2.67 billion board feet of timber over the next 10 years. Thus, despite continued reductions in the size of the area available for active timber management, the Tongass National Forest still represents 55 percent of the managed commercial forestlands and roughly 50 percent of the annual timber supply in Southeast Alaska.

Several factors continue to frustrate out-year planning for timber sales on the Tongass. These include schedule disruptions from the cancellation of the fifty-year timber contracts, the subsequent reorganization of the timber sales program around independent operators, the uncertainty surrounding the implementation of the TLMP Record of Decision, and continued lawsuits and administrative appeals. Appendix B includes a list of sales planned for offer under federal FY 1997 Tongass timber sale program. Current information can be obtained by contacting the Director of Forest Management for the U.S. Forest Service in Juneau, Alaska at (907) 586-7875.



State of Alaska

The Division of Forestry, under the direction of the Commissioner of Natural Resources, has, among other duties, the responsibility for managing two state forests and providing technical advice to other state land managers with regard to sound forest practices. The State of Alaska owns approximately 297,000 acres of forested land in Southeast Alaska, in areas reaching from Dixon Entrance to the Canadian border north of Haines. Of this, only about 66,800 acres are considered suitable and available for timber management. The bulk of the available acreage (49,231 acres) is located in the Haines State Forest and managed by the Division of Forestry. Funding has not been available to conduct a complete timber inventory on the remainder of the state's forestland in Southeast. Based on past information, the sustained yield for the entire Southeast region is roughly 11 MMBF per year, 7 MMBF which is derived from the Haines State forest.

In the coming year, DNR will determine whether the volume of timber available from state land in Southeast can be expanded. A preliminary review of state land in southern Southeast demonstrated that there is a sufficient capacity to support an increase in the allowable cut for this area. Based on this information, the Division of Forestry plans to offer an average of 27 MMBF, annually, in Southeast Alaska over the next five years. Department of Natural Resources will do a thorough, public review of all resources and land uses before making final decisions upon the appropriate level of sales. This review will be coordinated with management planning for Mental Health Trust Land in Southeast. The Alaska Mental Health Trust Authority has directed the DNR Trust Land Office to consider management and development actions on Trust Land that complement the long-term plans of Southeast communities, including providing timber sales for the manufacture of value-added products and conservation easements if these can be completed in a way that maximizes long-term benefits to the Trust. DNR and the Trust Authority will work closely with affected communities and interest groups as plans develop.

The state also owns an additional 260,477 acres in the coastal area referred to as Yakataga. As discussed later in this report, the University of Alaska now controls the allowable cut on state lands in the Yakataga area for at least the next 20 years. The sustained yield in this region is estimated to be 17 MMBF per year.

The Division of Forestry has only minimal staffing in Southeast Alaska. Four full-time and one seasonal position are housed in Juneau, one seasonal position is located in Ketchikan, and one full-time and one seasonal position are located in Haines. In addition to the timber sale program, these employees are responsible for implementation and monitoring of the State's Forest Practices Act and for fire management in the Haines area.

In response to requests from Timber Task Force members and Southeast communities, the Division of Forestry retained a seasonal employee through the winter to complete a timber availability assessment of state lands in Southeast Alaska.

The state's forest management goal for Southeast Alaska is to provide raw material for a viable timber industry in a way that is compatible with the conservation of all renewable resources. The strategy is to use the limited supply of state timber to support small, local businesses that provide steady jobs for Southeast residents by producing value-added products.



The state's program has already contributed to businesses from Ketchikan to Haines. Over the past year, DNR has signed 20 timber contracts totaling 4.5 MMBF to a dozen different Southeast timber businesses. These businesses are operating successfully and providing local jobs.

Traditionally, most sales from state land have been competitive sales, and much of the timber harvested has been exported. However, DNR has recently increased the use of state timber in local manufacture by emphasizing negotiated sales with local buyers. DNR has the authority to negotiate sales for:

- Up to 500 MBF per year per buyer (AS 38.05.115)
- Up to 10 MMBF per year for up to 10 years to purchasers that commit to processing as much of the wood as practicable into high value-added wood products (AS 38.05.123)
- Any volume in areas of high unemployment, under-utilized mill capacity, and underutilized allowable cut (AS 38.05.118)

All sales are designed in consideration of the diverse resources and land uses on state forest land. To ensure thorough public review, DNR must prepare a Forest Land Use Plan for all sales greater than 10 acres. DNR also reviews sale proposals with the public, agencies, and timber industry through a regionwide Five-Year Schedule of Timber Sales that is published annually.

A list of the Southeast area timber sales offered by the state in FY 97 is provided in Appendix F. More information about upcoming sales and negotiated sale options is available from the Coastal Region Forester for the DNR Division of Forestry in Juneau at (907) 465-5401.

Mental Health Trust

In 1956, Congress established the Alaska Mental Health Land Trust which granted the state the right to select one million acres of federal land. The land grant was set up to provide a reliable source of funding for mental health services in Alaska. In 1978, the Alaska Legislature designated Mental Health Trust lands as general state lands, effectively abolishing the Mental Health Trust. Concerned citizens filed a lawsuit demanding that the Trust be reestablished and that Trust lands be managed as intended by the 1956 law. The litigation was finally settled in 1994 and included a new law passed by the Legislature. The Trust Land Office manages Trust lands with strict adherence to the following principles: 1) loyalty to the Trust and its beneficiaries, 2) maximization of long-term revenue; 3) protection and enhancement of Trust assets; 4) accountability to the Trust and its beneficiaries.

The Mental Health Land Trust includes approximately 130,000 acres of commercial forest land with a total estimated timber volume of 440 MMBF. As indicated in Table 7, approximately 265 MMBF of this is located in Southeast Alaska. Trust Land timber is managed by the Department of Natural Resources Trust Land Office, according to regulations which effectively provides for Trust timber to be managed like private timber lands. The Trust office is in the process of developing a forest resource management plan for its Southeast holdings and has, as yet, only one pending contract underway for 50 MMBF at Icy Cape through 2002.



Further information on the availability of timber from Mental Health Trust lands may be obtained by contacting the Executive Director of the Mental Health Trust Land Office in Anchorage at (907) 269-8658.

**Table 5. Alaska Mental Health Trust Land Office
Southeast Commercial Forestland Estimates**

Tract		Estimated Volume (MBF) ¹
SOUTHEAST REGION		
Ketchikan Area	Thorne Bay	67,937
Ketchikan Area	Leask Lakes	42,642
Ketchikan Area	Gravina Island	8,895
Ketchikan Area	Revilla Island North	13,600
	Revilla Island Central	6,300
	Revilla Island South	20,850
Petersburg	Petersburg Creek	26,960
Petersburg	Petersburg Narrows	48,532
Sitka		13,700
Wrangell	Wrangell East	2,850
Wrangell	Wrangell South	4,000
Haines	Block 1	1,200
Haines	Block 2	3,900
Haines	Block 3	2,300
Subtotal		263,666
GULF COAST REGION		
Icy Cape		140
Total		405

¹Please note: This is an estimate of the total timber inventory in each area.

University of Alaska

Approximately 10 MMBF of University timber was harvested during (State) FY 1996 and 1997. It is anticipated that 25 MMBF will be harvested in 1998. University land and timber resources are part of a trust which originates from federal legislation passed in 1915 and 1929. The Board of Regents has a fiduciary responsibility to manage the trust in the best interests of the University. Net proceeds from timber sales are deposited into the Land-Grant Endowment Trust Fund. The investment earnings of this fund are used to manage the University's land and resources and to provide funding for academic programs, research and public service. Because it is required to receive fair market value for its resources, the University has not regularly conducted sales intended for local processing due to the high cost of sale administration and the lower anticipated returns.

Table 6. University of Alaska Timber Supply

Location	Acres	Volume (mmbf) ¹	On-Going Sales	Sales Thru '99	Constraints
SOUTHEAST REGION					
South Mitkof Island	200	5	0	0	Access & Market Good/Helicopter
Wrangell Narrows	250	5	0	5	Access & Market Good/Helicopter
Coffman Cove	240	6	0	6	Access & Market Good/Helicopter
Edna Bay	400	10	0	10	Access & Market Good/Helicopter
Haines	400	6	0	0	Poor Economics
Sub-Total	1,490	32	0	21	
GULF COAST REGION					
Gulf Coast Timber	10,000	245.0	72	75	Access and Market Good
Total	11,490	277	72	96	

¹Please note: This is an estimate of the total timber inventory in each area.

Table 9 provides a regional summary of the University's timber supply potential. These are preliminary estimates, which are likely to change after a further analysis of operating conditions, available resources, and markets. Small tracts of timber are not listed as the cost of sale layout and administration would exceed both the domestic and export value of the timber.

As indicated in Table 9, the University has very little operable timber other than in the Gulf Coast region. Furthermore, given operability, topography, habitat and other considerations, it is possible that the Gulf Coast area will underrun current volume projections. In 1996, the stumpage value for Sitka Spruce sawlogs from the Gulf Coast area was \$498/MBF, the value for Western Hemlock sawlogs was \$136/MBF, and pulp logs brought \$2/MBF.

With respect to other University timber sales, it is anticipated that Coffman Cove will be offered during the third quarter of 1997 and that the Edna Bay and Wrangell Narrows sales may be combined with other timber sales in the area in order to be economically attractive. The next Gulf Coast timber sale is expected to take place during FY 1999. However, if domestic processing was required, the timing of future offerings would be contingent upon suitable market conditions.

For more information about the timber supply available from the University of Alaska contact the Director, University of Alaska, Statewide Office of Land Management in Anchorage at (907) 786-7766.



Native Corporations

The 1971 Alaska Native Claims Settlement Act (ANCSA) established thirteen Native Corporations in Southeast Alaska (1 regional, 10 village, 2 urban) and entitled them to select some 600,000 acres of land from the Tongass National Forest. Approximately 10 percent of the non-reserved standing timber volume in the region was conveyed to the corporations and, since 1983, timber removals from Native corporation lands have exceeded the level of harvest on the Tongass National Forest. Therefore, in purely physical terms, there has been an ample timber supply for local manufacturers. However, local processors cannot compete with outside purchasers for this material and most timber from Native land is shipped "in the round" (i.e., without processing) to foreign destinations.

Under ANCSA, Congress created one regional corporation for Southeast Alaska, Sealaska Corporation. The act also created ten village corporations and two urban corporations (for Juneau and Sitka). Table 10 lists the names of the villages and corporations in Southeast, the total acreage in the land entitlement, the status of timber harvest activity and contact number for more information.

Table 7. Native Corporation Timber Supply

Type of Corporation	Village or City	Corporation Name	Approximate Land Entitlement (acres)	Timber Information
Village	Angoon	Kootznoowoo, Inc.	23,040	Limited harvest activity. Jerry Engle (907)247-3363
Village	Craig	Shaan-Seet, Inc.	23,040	Several years of harvest remain. Clarence Clark (907)826-3251
Village	Hoonah	Huna Totem Corp.	23,040	Inactive. Timber remaining. George Cooper (907)789-1773
Village	Hydaburg	Haida Corp.	23,040	Began harvest in '92-93. Approx. 175-200 MMBF remaining. John Bruns (907)285-3721
Urban	Juneau	Goldbelt, Inc.	23,040	Selling stumpage to Rayonier Corp. Dave Goade (907)463-4846
Village	Kake	Kake Tribal Corp.	23,040	Timber remaining. Gordon Jackson (907)785-3221
Village	Kasaan	Kavilco, Inc.	23,040	Selling stumpage to Rayonier Corp.
Village	Klawock Corp.	Klawock Heenya	23,040	Some harvest on-going Leonard Kato (907)755-2270
Village	Klukwan	Klukwan, Inc.	23,040	Some harvest on-going Bob Loiselle (907)789-7361
Village	Saxman	Cape Fox Corp.	23,040	Some harvest on-going Doug Campbell (907)225-5163

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Type of Corporation	Village or City	Corporation Name	Approximate Land Entitlement (acres)	Timber Information
Urban	Sitka	Shee-Atika, Inc.	23,040	Several years of harvest remain. Joint venture (Atikon) with Koncor Forest Products Coyne Vanderjack (907)747-3534 John Sturgeon (Koncor) (907) 562-3335
Village	Yakutat	Yak-Tat-Kwaan, Inc.	23,040	Joint venture partner with Koncor Forest Products John Sturgeon (Koncor) (907)562-3335
An estimated timber volume of 500 MMBF remains to be harvested from lands under the ownership of village/urban corporations in Southeast.				
Regional		Sealaska, Corp.	330,000	Some land selection pending. Harvest on-going. Ventura Samaniego (907) 225-9444
An estimated timber volume of 3-4 BBF remains to be harvested from lands under the ownership of Sealaska*.				

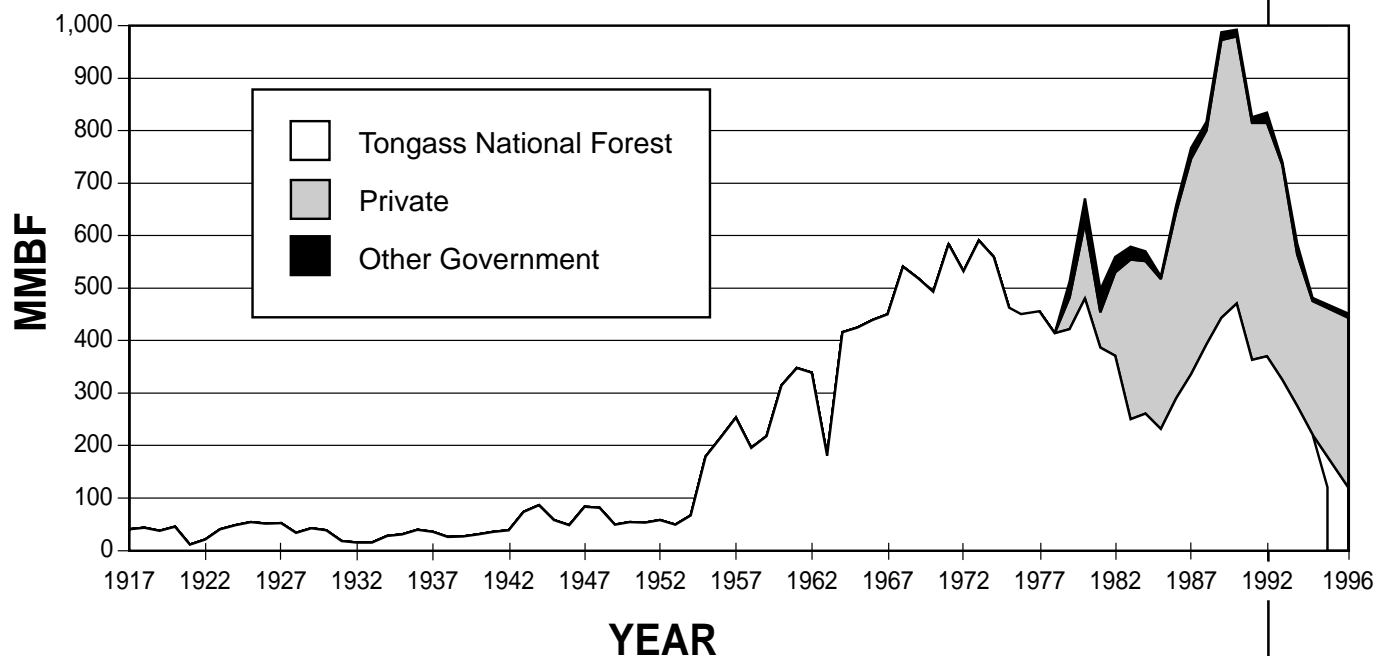
* An estimate based on information available to the public.

There are no formal requirements for reporting of timber harvests by Native corporations or other private landowners in Alaska. Perhaps the most consistent estimate of private harvests in the region can be found in the *ANILCA Timber Supply and Demand Report* submitted to Congress each year by the U.S. Forest Service. In this report, private timber harvests are estimated from trade data obtained from the U.S. Department of Commerce and data collected from wood processors in the region. This information shows that timber removals from private land in Southeast reached a peak of 530 MMBF in 1990 have since declined to roughly 250 MMBF in more recent years. Depending on the strength of hemlock and pulp markets, timber harvest from private lands in Southeast is likely to range from 150-250 MMBF for the next decade.



THE WOOD PRODUCTS INDUSTRY IN SOUTHEAST ALASKA

Figure 2. Annual Timber Harvest - Southeast Alaska



HISTORICAL BACKGROUND

Prior to the existence of the pulp industry in Southeast Alaska, timber was harvested primarily to meet the needs of the resident population and the ever-expanding fishing and mining industries. Timber was used as material for fish traps, piling, packing cases, mine timbers, dock piles and timbers, and lumber for construction.

By 1909, nearly all of the commercial timber in Southeast Alaska was incorporated into the Tongass National Forest. Timber harvest in the region averaged about 15 million board feet annually. Most of the timber was used locally, although some products were shipped to Seattle. World War I increased the demand for fish and the use of timber for pilings, fish boxes and construction. The war also increased the use of Sitka spruce in airplane manufacture, some of which was supplied from Alaska.

In 1920, the annual harvest volume reached 20 million board feet, including a large volume of free use for the Alaska Railroad and other entities. Even at this point in time, mills in the Puget Sound area posed a threat to local processors, as large volumes of Douglas-fir were shipped to Alaska at costs below those of local suppliers. Despite its relatively high production costs, the timber industry increased its stronghold in Alaska throughout the 1930s. As a result, the State's import share of total wood consumption dropped to 16 percent, compared to an average of 68 percent in the previous decade.

